Milwaukee County Employees' Retirement System (ERS)

Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Call to Order:

Guy Stuller, Chairman, called the Audit Committee Meeting to order at 1:00 pm, on 3-4-10, in the 2nd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

Roll Call:

Board Members Present:
  Guy Stuller
  Keith Garland
  Marilyn Mayr
  Linda Bedford

Others Present:
Gerald Schroeder
Steve Huff
Mark Grady

One (1) handout was provided to the Audit Committee members and others:

- AMENDMENT RESOLUTION 1045

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1. Topic: **2010 / 2011 RFP List - Discussion**

General discussion took place relating to the remaining list of ERS services that may need to be put out as an RFP. The Audit Committee endorsed banking, actuarial and legal services being reviewed later in the year as potential RFP's.

2. Topic: **Disability Pensioner Earned Income Discussion**

ERS proposed having a discussion on the current practice of requiring annual earned income reviews. Section 10.2, Adjustment of Allowance applies to all disability pensions for the lifetime of the retiree. ERS past practice has been to only apply this rule to Accidental Disability Retirements (ADR). Ordinary Disability Retirements (ODR) have been exempted.

It was proposed that the language be aligned to the current ERS practice, in order to legitimize the operational approach. It was also suggested that the Board adopt an age limitation of 70, for complying with the Annual Earned Income Review process.

It was pointed out that there are approximately 144 ADR cases. Of those, 45 are over 70 years of age (33%). There are approximately the same number of ODR cases. Essentially, requiring both ADR and ODR compliance would double the existing workload, with little results. There remains no cost benefit to changing the current practice.

The Audit Committee endorsed both ERS suggestions and recommended that the rule clarification be taken to the Board this month.

3. Topic: **Accidental Disability "Any Job" Process and Rule**

General discussion took place relating to our "any job" process. It was noted that there remains some confusion on the current practice and that the County Ordinance does not clearly define what process should occur. It was pointed out that the Medical Board also feels uncomfortable addressing non-medical issues like the ability to work and potential placement services.

The briefing on the "any job" approach included discussion on the Social Security process that utilizes a recruitment expert to assess the southeast region for available employment. Currently, Milwaukee County does not have such a person.

The current practice does not have a rule on forms processing, nor employee notices. It was noted that any medical authorization form would need to have employee cooperation. Also, a 30day rule would be necessary for a denial and potential reapplication. Any job that a person is placed into and accepts, would need to have a performance test done.

Corporation Counsel will draft a document for distribution. The Audit Committee agreed that all members should review the document for discussion at the next committee meeting.

4. Topic: **Backdrop Date Interpretation and Rule 711 Amendment**

General discussion took place relating to the correct interpretation of the backdrop date. The past practice in ERS has been to use the date as the first day of retirement. The logic being that it represents the beginning of the pension payment period. V-3 is programmed to consider that date the last day on payroll. V-3 adds one day to that date for the retirement date.

Corporation Counsel's interpretation is that ERS is doing it correctly and that V-3 will need to be reprogrammed. The Audit Committee endorsed the current backdrop process and the amendment to be taken to the full Board on 3-17-10.

◙ The next Audit Committee Meeting was changed to 4-8-10 ◙

5. <u>Topic</u>: **The Audit Committee adjourned at 2:30 pm.**

Submitted by
Gerald J. Schroeder
ERS Manager